

Maintenance Assessment Districts

How to Read the Budget

This section of the budget document provides an overview of how to read the Maintenance Assessment District (MAD) budget.

Header

The header information provides basic information about the Maintenance Assessment District, including:

- Council District
- District Name
- Fund Number
- Maintenance Assessment District Name

Budget Summary Chart

The budget summary chart provides a brief overview of the expenditures of the District, including Fiscal Year 2002 actual expenditures, Fiscal Year 2003 budgeted expenditures, and Fiscal Year 2004 proposed budgeted expenditures. The Fiscal Year 2003 and Fiscal Year 2004 budgets include the contingency reserve or fund balance, which is why the totals for these fiscal years may be higher than the actual expenditures in Fiscal Year 2002.

		FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 PROPOSED
Positions	(1)			
Personnel Expense	(2)			
Non-Personnel Expense	(3)			
TOTAL				

“Positions” and “Personnel Expense”(1) (2)

If the City manages the MADs contracts for goods and services, there will be Grounds Maintenance Manager (GMM) position and personnel expense in the budget. The GMM prepares contract specifications based on the scope of services adopted by the property owners; inspects contractors’ work for compliance with contract; reviews invoices and authorizes payment or deductions; meets with property owner advisory groups; and responds to property owner questions and issues. If the property owners voted to have a non-profit organization manage their MAD contracts for goods and services, there will be a zero on these lines, and the MAD will instead pay for these services as a non-personnel expense, through a contract with the non-profit organization.

***Note:** Personnel Expense usually changes between Proposed and Final Budgets, after City Council adoption of salary and fringe benefit rates for City employees.*

“Non-Personnel Expense” (3)

This includes Contractual, Incidental and Utilities expenses, as shown in the budget format on the next page.

Description

The text section beneath the budget summary provides a brief overview of the District’s scope of services and the date on which the budget was approved by the oversight group, if one exists. The overview information is based on the Assessment Engineers Report that established the District. Engineers Reports are available on the City’s Web Page at <http://www.sandiego.gov/park-and-recreation/general-info/mad.shtml>.

Where property owners have formed an advisory group, the Fiscal Year 2003 Proposed Budget is presented to them for review and approval. Approval is with the understanding that the Assessment Rate Per Unit will not change between the Proposed and Final Budgets; however, other elements of the Proposed Budget may change, including: Beginning Balance

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(as a result of carryover from Fiscal Year 2002 being projected closer to the end of the year), number of assessed units (from the Assessment Engineer's review of the County's most recent equalized tax rolls), Personnel Expense (after City Council adoption of the Fiscal Year 2003 salary and fringe benefit rates), and City Contribution (after update and verification of amounts for Fiscal Year 2003).

Revenue and Expense Statement

The Revenue and Expense Statement provides a detailed break down of the District's revenues, expenditures, and fund balance. The Fiscal Year 2003 amount is an estimate of current year expenditures based on the latest information available.

(NAME OF DISTRICT)	FY 2003 Estimate	FY 2004 Proposed
Beginning Balance		
Revenue:		
Assessments (1)		
Interest (2)		
City Contribution (3)		
Total Revenue:		
Expense		
Personnel (4)		
Contractual (5)		
Incidental (6)		
Utilities		
Total Expense		
Ending Balance (7)		
Assessment Rate per Unit (8)		

“Assessments” (1)

In most Districts the Fiscal Year 2002 budgeted amount is based on a single Assessment Rate per Unit multiplied times the number of units, to the thousandth decimal place. In these cases, the Fiscal Year 2002 Year-End Estimate may be lower than the budgeted amount, even if there is no change in the assessment rate or number of units in Fiscal Year 2002 if some of the property owners in the District have not yet paid their property taxes.

***Note:** The budgeted assessment amount usually changes between Proposed and Final Budgets, due to a change in the number of assessed units after the County Assessor equalizes the property tax rolls.*

“Interest” (2)

The Fiscal Year 2003 budgeted amount is estimated using previous year's experience.

“City Contribution” (3)

The City contributes the “general benefit” to MADs; that is, the amount the City spends for these maintenance services in similar areas throughout the City. Categories of City contribution for maintenance services provided by the MADs are listed below. For Fiscal Year 2004, both the contribution amounts per unit and the number of units (square feet or acres) are updated. Where the number of units used during the previous three fiscal years were found to be in error, corrective adjustments were made to the Fiscal Year 2004 City Contribution.

- (a) **Landscaped medians:** The Gas Tax contribution is 18.0 cents per square foot in Fiscal Year 2004.
- (b) **Hardscaped medians:** The Gas Tax contribution is 1.3 cents per square foot in Fiscal Year 2004.
- (c) **Open space:** The Environmental Growth Fund contribution is \$26.63 per acre in Fiscal Year 2004.

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- (d) **Parks within General Plan Standard:** The General Fund/Park and Recreation Department contributes \$4,356 per usable acre in Fiscal Year 2004.

Note: Proposed Fiscal Year 2004 contribution amount and usable acres are pending update and verification, so figures may change between the Proposed and Final Budgets.

- (e) **Grounds of public libraries:** The General Fund/Library Department contributes \$4,332 per acre in Fiscal Year 2004.

Note: The Proposed Fiscal Year 2004 amount is pending update and verification, so figures may change between the Proposed and Final Budgets.

- (f) **Grounds of fire stations:** The General Fund/Fire Dept. contribution is \$5,016.81 per station in Fiscal Year 2004.

Note: The Proposed Fiscal Year 2004 amount is pending update and verification, so figures may change between the Proposed and Final Budget.

“Personnel” (5)

The personnel line item is the cost of the Grounds Maintenance Manager (GMM), as discussed in the Budget Summary section above.

“Contractual” (6)

Includes amount spent on contract services, including maintenance services and any authorized capital expenditures.

“Incidental” (7)

For MADs managed by the City, the Incidental Expense includes:

- (a) Share of MAD Management Fund (up to 12 percent of the net Operating Budget) to pay for required annual Assessment Engineer’s Report; annual cost to enroll assessments on County Assessor’s property tax rolls; professional support by City Attorney’s Office, City Auditor’s Office, and City Purchasing Agent; computer access; Geographic Information Systems support; budgetary and analytical support; managerial and administrative support; and clerical support.
- (b) Overhead at 20 percent of Personnel Expense for office support by other City departments and for office space.
- (c) Share of City vehicle used by GMM assigned to the District.
- (d) Printing, postage, as-needed City forces work, and miscellaneous supplies used by the District. If the property owners voted to have a non-profit organization manage its contracts for goods and services, Incidental Expense (usually two percent of Assessment Revenue) will only include paying for the required Assessment Engineer’s Report, annual cost to enroll assessments with the County and managerial, analytical, and clerical support. The MAD will pay for all other services through a contract with the non-profit organization.

“Ending Balance (Reserve)” (8)

It is a goal of all MADs to have a prudent operating reserve between a minimum of 10 percent of the operating budget and a maximum of six months of operating expenses. If the reserve is less than 10 percent, there is an action plan to build it to 10 percent. If the Ending Balance is over 40 percent of the operating budget, an explanation is provided.

“Assessment Rate per Unit” (9)

The unit of assessment is not the “parcel,” because parcels vary greatly in their size and use. As a result, different parcels receive differing benefit from the maintenance of assets in the District. Instead, the unit of assessment is determined on a case-by-case basis by an independent Assessment Engineer as a way to equitably allocate the expense of a District to benefiting property owners. The most common unit of assessment is the Equivalent Benefit Unit (EBU). Generally, one single-family detached dwelling is one EBU, an apartment or condominium unit is less than one EBU, and commercial/industrial properties are more than one EBU. Other units of assessment are: Frontage Foot (FF), Lot Square Footage (SF), Building Square Footage (Bldg. SF), Acres and Net Acres.

